

Town of Uxbridge

Report of the Budget Summit 2007

African saying: *“If you are going on a trip and want to go fast, go alone. If you are want to go far, take others with you.”*

Objectives:

1. To craft a balanced budget for FY09 that defines the priorities of the voters for town government.
2. Create a 3-5 year financial plan which outlines the financial priorities for the town.

Financial Challenges:

Municipalities across the Commonwealth are struggling to balance budgets, maintain essential services and minimize tax increases in the face of ever-increasing “fixed costs” such as health insurance and utilities. Uxbridge is no different as it sees major increases in “fixed costs” that will absorb most, if not all, of the town’s new revenues.

Identifying the “Budget Busters”:

- Health care +14% in FY08
- Special education +\$600,000 in FY08
- Out-going School Choice \$1,426,942 in FY08
- Utilities
- Retirement +8% in FY08

FY09 Budget

The town is projecting a \$1.2 million deficit for FY09. This projected deficit does NOT include any pay raises for FY09.

Capital Needs

The town faces a challenge in funding its capital needs (building maintenance, equipment and vehicle replacements). The Capital Planning Committee has identified the need to spend \$31 million over the next 5 years. To balance previous year’s budgets, the town has systematically reduced spending in these areas.

New High School

The New England Association of Colleges and Schools (NESAC) placed the high school on warning status due, primarily, to the unfit state of the building. NESAC’s next

accreditation report is due in January. The town has acquired land for the new school and is currently seeking financial assistance from the state in building the new school. What has not been determined is “How much will the school cost?”

With these issues in mind, the Board of Selectmen, School Committee, and Finance Committee held four planning sessions with the Town Manager, Superintendent of Schools and others.

Questions:

The following is the list of questions asked at the Summit:

1. What services should the town provide?
2. What initiatives should be undertaken to save money, both in the short and long-term?
3. FY09 Budget
 - a. How should the budget be balanced?
 - b. Should there be an override?
4. Capital Requirements (Infrastructure)
 - a. What should be funded?
 - b. When and how should it be funded?
5. High School
 - a. What should be funded?
 - b. When and how should it be funded?
6. Taxes
 - a. Should they be increased?
 - b. If so, what is a reasonable number?

Report:

What services should the town provide?

After reviewing a draft plan for balancing the FY09 Budget, the boards identified the following priorities for the town:

- Public safety the most important service
- Council on Aging and Library part of town services
- Accredited high school (NEASC review)
- Capital investment must be in the budget

What initiatives should be undertaken to save money, both in the short and long-term?

The boards identified the following issues as ways the town could save money. The Town Manager and Superintendent of Schools were asked to examine these initiatives for their both their practicality and cost saving potential. Because of the time required to make changes, none of the initiatives will impact the FY09 Budget.

- A review of mandated services
- A review of minimal staffing levels
- Health insurance
- Regionalization

- Library
- SPED
- Water
- Sewer
- Emergency Services
- Union contracts
- School choice
- Special education
- New high school
- Blackstone Valley Tech

FY09 - FY11 Budget Plan:

The boards reviewed a plan that would eliminate the projected \$1.2 million deficit by FY11. This plan had three principle parts to it:

1. Cutting the FY09 Budget by \$804,806 in FY09
2. Limiting expenditures in FY09, FY10 and FY11 to allow revenues to catch up to expenses.
3. Transferring \$756,132 from Stabilization to cover the projected deficits in FY09 and FY10; \$419,867 and \$336,265 respectively.

The planning assumptions used for this forecast were:

PLANING ASSUMPTIONS	FY09	FY10	FY11
Operating Costs:			
Salaries	0.0%	2.0%	2.0%
Expenses	0.0%	2.0%	2.0%
Fixed Costs:			
Transportation	2.0%	0.0%	0.0%
Regional School (BVT)	11.2%	11.2%	7.5%
Health Insurance	12.0%	12.0%	12.0%
Retirement	7.0%	7.0%	7.0%
Debt	13.0%	-1.2%	-0.6%

The forecast shows the following results:

BUDGET MODEL	FY08	FY09	FY10	FY11
Revenues	\$33,283,182	\$35,013,714	\$36,545,960	\$38,594,254
Expenses	\$34,715,258	\$35,553,581	\$37,002,225	\$38,737,462
Subtotal	(\$1,432,076)	(\$539,867)	(\$456,265)	(\$143,208)
Transfers from Stabilization				
Good Shepherd	\$120,000	\$120,000	\$120,000	\$120,000
Budget Deficit	\$1,196,500	\$419,867	\$336,265	\$23,208
Transfer from Free Cash	\$115,576	-	-	-
Total	\$0	\$0	\$0	\$0

A more detailed presentation of the three year plan is shown in Appendix A.

Why 2% for Operating Costs?

Proposition 2 ½ limits the increase on property taxes to 2.5%. With the cost of health insurance, retirement, and school choice “out” – including the payments to the Blackstone Valley Tech – growing at rates in excess of 2.5%, operating costs must be limited to amounts below 2.5% to make the budget work. The forecast can be amended if these “budget busters” are addressed. A project plan is needed to address the cost saving initiatives identified above. Until these and other cost savings are tackled, the town faces the sad prospect of paying more for taxes and receiving less in services.

Budget Cuts:

The cuts necessary to balance the budget in FY09 (and beyond) come from the following areas:

BUDGET CUT:	AMOUNT	% of FY08 BUDGET
Municipal Government	(\$395,341)	7.2%
Schools	(\$409,465)	2.3%
Total	(\$804,806)	3.4%

The specific details of the cuts for the municipal side are identified in Appendix B.

The School Superintendent stated to make the \$409,495 cut, as well as meet salary rollovers and a new teachers contract, twenty-five (25) teaching positions would have to be eliminated. Appendix C is the Superintendent’s statement about the budget.

Supplemental Budget (Prop 2 ½ Override):

Without taking a formal vote, the Summit members agreed that the voters should be given the option of restoring some or all of the above cuts through a Proposition 2 ½ override vote. The details of what would be included in this proposition will be defined in the January-February period. The goal is to get the information out to the voters well in advance of the May 13, 2008 Spring Annual Town Meeting.

The Board of Selectmen and Town Manager have already determined that a balanced budget will be presented to Town Meeting in May and that any recommended or suggested spending beyond that budget will be presented in a Supplemental Budget which voters will vote on at the Annual Town Meeting as well. Should that Supplemental Budget pass Town Meeting, its funding would be subject to a Proposition 2 ½ override which would require a ballot election.

Comparative Data:

The boards looked at data that compared Uxbridge to towns that surround us. This data is shown in Appendix D & E. While the data was less than clear in a number of areas, it did give insight into the following issues:

1. Uxbridge's tax burden is where it should be given the town's wealth and the taxes of the towns surrounding Uxbridge.
2. Uxbridge has the highest number of students (by a factor of 3) enrolled out of the district.
3. As a consequence, Uxbridge is paying more in Payments to Out-Of-District Schools than the towns that surround us.

More work is needed to insure the accuracy (apples to apples) and meaning of the data. The School Committee and Board of Selectmen will work with the Superintendent and Town Manager, respectively, to identify the right set of benchmarks. Once this work has been completed, a subgroup of the Board of Selectmen, School Committee and Finance Committee will sort out any issues related to the data.

Stabilization Account:

To balance the FY09 and FY10 Budgets - through the adoption of the above plan - requires the transfer of \$756,132 from the Stabilization Account. During this same period of time, the town expects to make transfers of \$120,000 annually for the rent of Good Shepherd.

Appendix F shows the effects of these transfers to the Stabilization Account, assuming no new transfers are made into the account.

Stabilization Policy:

The question was raised about "What should be the balance for the Stabilization Account?" The Finance Committee has adopted a policy that the fund should equal 5% of the operating budget, and that any Free Cash in excess of the amount needed to fund the Stabilization Account should be transferred into the Capital Account. The three boards will look more closely at this issue, with the understanding that they will adopt a joint policy on the Stabilization Account and the funding of the capital expenditures.

Capital Requirements (Infrastructure):

After hearing the presentation of the Capital Planning Committee, the boards agreed that funding was needed for the renewal and replacement of the town's capital assets. The information provided by the Capital Planning Committee is shown in Appendix G.

Roads & Bridges

The Summit participants agreed that funds were needed for the repair and maintenance of the town's roads and bridges. Currently the only funds available for this work come from the Commonwealth. There was agreement that additional funds were needed and funding should come via a Proposition 2 ½ override. The Capital Planning Committee identified

the need to spend \$240,000 for road improvements and \$320,000 for bridge repairs, annually. Participants felt the total of \$560,000 was high and asked the Town Manager to review the numbers.

If fully funded by override at \$560,000, the projected impact to the average household is \$112.90, or a 3.2% increase on the average FY08 tax bill of \$3,578.

Vehicle Replacement/Capital Account

The Capital Planning Committee identified a long list of vehicles that needed to be replaced in the next five years. The Summit felt these expenditures should be met through the funding of the Capital Account, which would be funded by excess Free Cash. The Capital Account would also be the source of funding other capital needs, like roof replacements.

Major Capital Projects

All major capital projects - like the new high school, new fire station, etc. - should stand on their own and be approved as separate projects by the voters.

New High School:

The Massachusetts School Building Authority controls the process for school construction. Because the process has taken longer than expected there was insufficient information to determine what a new high school will cost. In November, Uxbridge was selected as one of eighty-three communities who will be allowed to move forward to the next step in the process – a Feasibility Study. More information is expected in the next nine months. Current projections point to a completion date in FY11.

The School Department indicated the operating cost of the new high school will be \$500,000. The cost to the average household would be \$99.11, or a 2.7% increase on the average FY08 tax bill of \$3,578.

Summary of Capital Projects & Tax Impact:

PROJECT	FISCAL YEAR	COST	AVE. TAX BILL	\$ INCREASE	% INCREASE
			\$3,578.00	n/a	n/a
Roads & Bridges	FY09	\$560,000	\$3,690.90	\$112.90	3.2%
HS Operating Costs	FY11	\$500,000	\$3,790.01	\$99.11	2.7%
Total				\$212.01	5.9%

Taxes:

The boards agreed three budgets should be presented at the Spring Annual Town Meeting:

1. The first budget will work within the limits of the 2 ½ percent increase in property taxes allowed by the law (Prop 2 ½).

2. The second will outline a supplemental budget that will restore some of the cuts required to live within the Prop 2 ½ limit. These items will have to be funded by a Prop 2 ½ override. The voters will be given the option to select which services they want to fund through an override.
3. Finally, the voters will be asked to fund monies for repair and maintenance of the town's roads and bridges. The funding for these improvements will come through a separate Prop 2 ½ override.

Steps to Be Taken:

1. Publish Summit Report Date: January 1st.
2. Create a site on the town's webpage for the Summit Report, Cost Saving Initiatives and Comparative Data Date: January 1st.
3. Identify items (services) to be funded through the supplemental budget (Prop 2 ½ override). Date: February 1st.
4. Identify comparative data; create a subgroup of the three boards to resolve any problems with the data. Date: February 1st.
5. Adopt policies on the size of the Stabilization Account and funding of the Capital Account. Date: February 1st.
6. Budget Summit V: review plans for supplemental budget and other actions identified in the Summit Report Date: February 1st.
7. Formalize the project plans for Cost Saving Initiatives (Board of Selectmen and School Committee) Date: March 1st.
- 8.

The minutes of the summit meetings are provided in Appendix H.

Respectfully submitted,

Board of Selectmen

Julie Woods, Chair
Kevin Kuros
Mike Potaski
Dan Stack

School Committee

Ernie Esposito, Chair
Jim Haynes
John Higgins
Jane Keegan
Mason Seagrave
Michelle Taparousky

Finance Committee

Ed Maharay, Chair
Mark Andrews
Peter DeMers
Howard Fortner
Christine Horwath
Rick Young
Mary Pat Wickstrom